

APPLICATION FOR PERMIT
TO APPROPRIATE THE PUBLIC WATERS OF THE STATE OF NEVADA

Date of filing in State Engineer's Office -APR-19-1985- NEW PRIORITY DATE: DEC 23 1991

Returned to applicant for correction

Corrected application filed

Map filed APR 19 1985

The applicant Pegasus Gold Corporation

Suite 400, West 801 Riverside Ave., of Spokane
Street and No. or P.O. Box No. City or Town

Washington 99201, hereby makes application for permission to appropriate the public
State and Zip Code No.

waters of the State of Nevada, as hereinafter stated. (If applicant is a corporation, give date and place of incorporation; if a copartnership or association, give names of members.) Nevada corporation incorporated on January 20, 1978

1. The source of the proposed appropriation is underground
Name of stream, lake, spring, underground or other source

2. The amount of water applied for is 1.0 second-feet
One second-foot equals 448.83 gals. per min.

(a) If stored in reservoir give number of acre-feet

3. The water to be used for mining, milling, and domestic
Irrigation, power, mining, manufacturing, domestic, or other use. Must limit to one use.

4. If use is for:

(a) Irrigation, state number of acres to be irrigated:

(b) Stockwater, state number and kinds of animals to be watered:

(c) Other use (describe fully under "No. 12. Remarks") See #12 below

(d) Power:

(1) Horsepower developed

(2) Point of return of water to stream

5. The water is to be diverted from its source at the following point: in the NW 1/4, NE 1/4 (Lot 2),
Describe as being within a 40-acre subdivision of public

Section 3, T.31N., R.33E. M.D.B. & M. or at a point from which the
survey, and by course and distance to a section corner. If on unsurveyed land, it should be so stated.

Southwest corner of Section 3, T.31N., R.33E. M.D.B. & M. bears
South 36°10' West, 5650 feet.

6. Place of use Sections 2, 3, 4, 9, 10, 11, 14, 15, 16, 37, 38, and 39
Describe by legal subdivision. If on unsurveyed land, it should be so stated.

T.31N., R.33E., M.D.B. & M.

7. Use will begin about January 1 and end about December 31, of each year.
Month and Day Month and Day

8. Description of proposed works. (Under the provisions of NRS 535.010 you may be required to submit plans and specifications of your diversion or storage works.) Drilled well, pump, and pipeline
State manner in which water is to be diverted, i.e. diversion structure, ditches and
to place of use
flumes, drilled well with pump and motor, etc.

9. Estimated cost of works \$75,000

10. Estimated time required to construct works..... 2 years
If well completed, describe works.

11. Estimated time required to complete the application of water to beneficial use..... 5 years

12. Remarks: For use other than irrigation or stock watering, state number and type of units to be served or annual consumptive use.

Water will be used in a heap leaching operation. Water from this well will be comingled with water from Wells #2 through #5. Total combined annual consumptive use from the five wells will not exceed 1.0 cfs (448.83 gpm expanded year-round or 235,905,048 gallons per year).

s/Richard J. Berger
By Richard J. Berger
Hydro-Search, Inc.
333 Flint Street
Reno, Nevada 89501

Compared mc/se js/bc

Protested.....

APPROVAL OF STATE ENGINEER

This is to certify that I have examined the foregoing application, and do hereby grant the same, subject to the following limitations and conditions:

This permit is issued subject to existing rights. It is understood that the amount of water herein granted is only a temporary allowance and that the final water right obtained under this permit will be dependent upon the amount of water actually placed to beneficial use. It is also understood that this right must allow for a reasonable lowering of the static water level. This well shall be equipped with a two (2) inch opening for measuring depth to water. If the well is flowing, a valve must be installed and maintained to prevent waste. A totalizing meter must be installed and maintained in the discharge pipeline near the point of diversion and accurate measurements must be kept of water placed to beneficial use. The totalizing meter must be installed before any use of water begins, or before the Proof of Completion of Work is filed. This source is located within an area designated by the State Engineer, pursuant to NRS 534.030. The State retains the right to regulate the use of the water herein granted at any and all times.

This Permit does not extend the permittee the right of ingress and egress on public, private or corporate lands.

(CONTINUED ON PAGE 2)

The amount of water to be appropriated shall be limited to the amount which can be applied to beneficial use, and not to exceed 1.0 cubic feet per second, but not to exceed 106.77 million gallons annually.

Work must be prosecuted with reasonable diligence and be completed on or before September 11, 1987

Proof of completion of work shall be filed before October 11, 1987

Application of water to beneficial use shall be made on or before September 11, 1989

Proof of the application of water to beneficial use shall be filed on or before October 11, 1989

Map in support of proof of beneficial use shall be filed on or before.....

Completion of work filed..... IN TESTIMONY WHEREOF, I..... PETER G. MORROS,
State Engineer of Nevada, have hereunto set my hand and the seal of

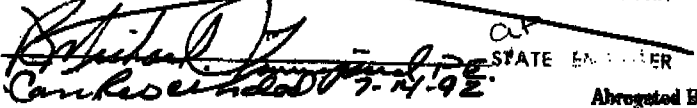
Proof of beneficial use filed..... my office, this..... 11th day of..... September

Cultural map filed.....

Certificate No..... Issued..... A.D. 19 85


State Engineer

CANCELLED JUN 30 1992 BECAUSE OF FAILURE
OF APPLICANT TO COMPLY WITH THE PROVISIONS OF PERMIT


STATE ENGINEER
Cancelled 7-14-92

(PERMIT TERMS CONTINUED)

The total combined duty of water under Permits 48996, 48997, 48998, 48999 and 49000 shall not exceed 106.77 million gallons annually.

This permit is issued under the preferred use provisions of NRS Chapter 534. The manner of use of water under this permit is by nature of its activity a temporary use and any application to change the manner of use granted under this permit will be subject to additional determination and evaluation with respect to the permanent effects on existing rights and the resource within the ground water basin.

The issuance of this permit does not waive the requirements that the permit holder obtain other permits from State, Federal and local agencies.

